

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: Buchanan Production Company

DIVISION OF GAS AND OIL
DOCKET NO. VGOB-98-0421-0656

RELIEF SOUGHT: POOLING

UNIT NUMBER: S-27

NOTICE OF HEARING

HEARING DATE: April 21, 1998
PLACE: Southwest Virginia 4-H Center
Hillman Highway, Abingdon, Virginia 24210
TIME: 9:00 AM



COMMONWEALTH OF VIRGINIA:

To: Hurt/McGuire heirs, devisees, successors, or assigns.

1. **Applicant and its counsel:** Applicant is Buchanan Production Company, P. O. Box 947, Bluefield, Virginia 24605, 540/988-1016. Applicant's counsel is Mark A. Swartz, P.O. Box 517, Abingdon, VA 24212.
2. **Relief sought:** Pooling under Oakwood Coalbed Methane Gas Field I & II.
3. **Proposed provisions of order:** (a) Pooling all the interests and estates of the persons named above in coalbed methane in the unit in question; (b) Establishing a procedure whereby each respondent shall have the right to make elections; (c) Providing that any respondent who does not make a timely election shall be deemed to have leased or assigned his coalbed methane gas interests to the applicant at a rate to be established by the Board; (d) Designating CONSOL Inc. as Unit Operator; (e) Making any necessary provisions for the escrow of funds; (f) Granting such other relief as is merited by the evidence and is just and equitable, whether or not such relief has been specifically requested herein.
4. **Legal Authority:** Va. Code Ann. §45.1-361.1 et seq. 4 VAC 25-160-10 et seq. and relevant Virginia Gas and Oil Board Orders heretofore promulgated pursuant to law including OGCB 3-90; VGOB-91-1119-162; VGOB 92/02/16-0336; and VGOB 93/03/16-0349.
5. **Type of well(s):** Coalbed methane.
6. **Plat:** Annexed hereto are Exhibit A, Exhibit A1 and the Plat Legend to Exhibit A. The Plat shows the size and shape of the unit and the boundaries of the tracts within the unit. The Legend shows the percentage of acreage in each tract. The plat is certified by a licensed professional engineer and is attested by the undersigned on behalf of the applicant to be in conformity with existing orders issued by the Board.
7. **Your interest or claim sought to be pooled by this Application pertains to coalbed methane gas.**
8. **Formation(s) to be produced and estimates:** All coal seams and associated strata below the Tiller seam of coal all as more particularly described in the annexed proposed order. The estimated total production from subject unit is 125 to 550 MMCF. The estimated amount of reserves from the subject drilling unit is 125 to 550 MMCF. These figures concerning estimated production and the amount of reserves are, however, estimates only that are not based upon actual production and should not be relied upon for any purpose. It should not be assumed that final production before plugging and abandonment will equal estimated reserves.

9. **Estimate of allowable costs:** \$237,258.33.
10. **Attestation:** The foregoing application to the best of my knowledge, information, and belief is true and correct.

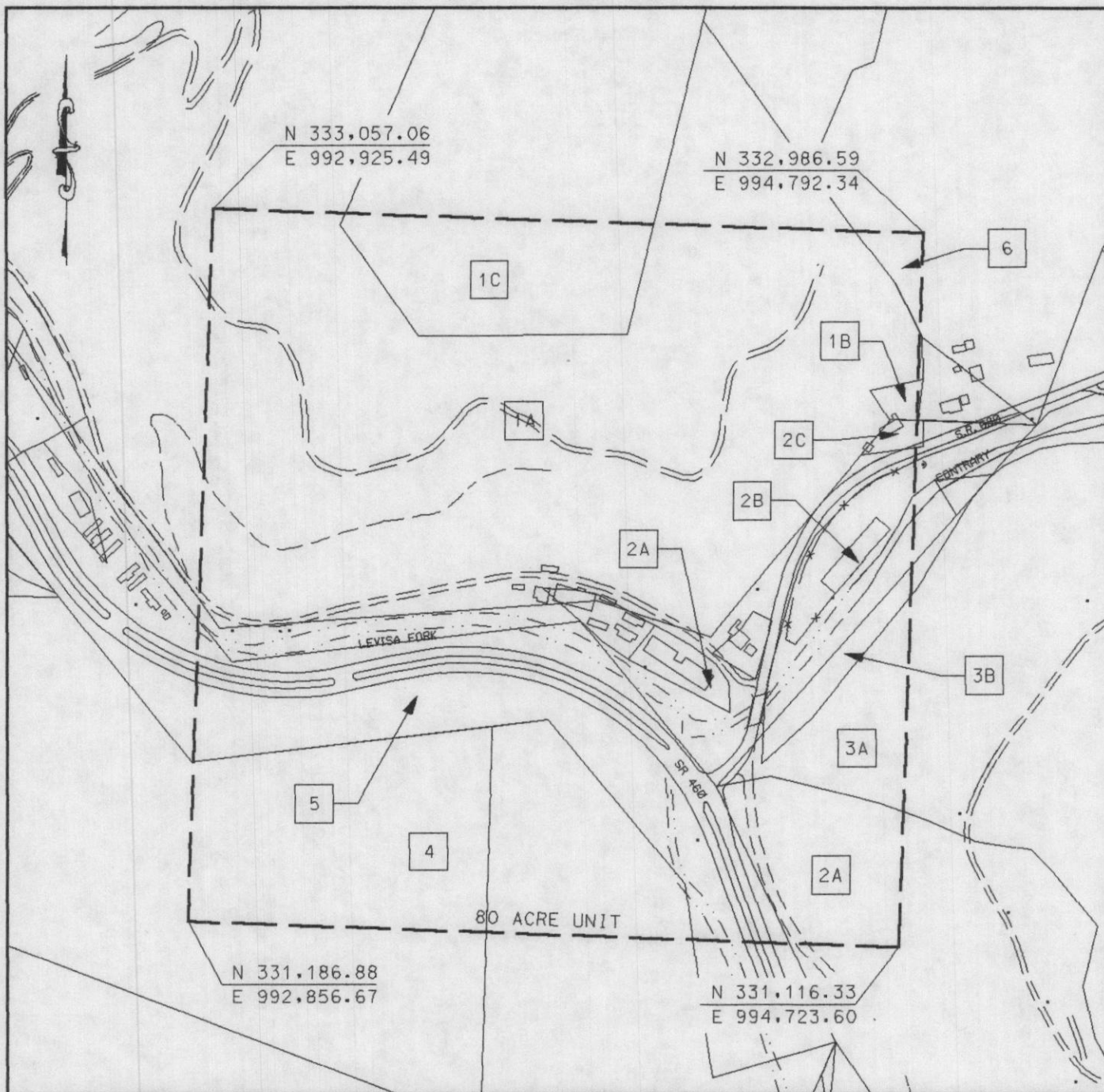
NOTICE IS FURTHER GIVEN that this cause has been set for hearing and the taking of evidence before the Board at 9:00 AM, on April 21, 1998, at the Southwest Virginia 4-H Center, Hillman Highway, Abingdon, Virginia 24210, and that notice will be published as required by law and the rules of the Board.

NOTICE IS FURTHER GIVEN that you may attend this hearing, with or without an attorney, and offer evidence or state any comments you have. The Board rules require that any written objections you wish to file must be filed with the Board at least 10 days before the hearing. For further information or a copy of the application and exhibits, either contact the Virginia Gas and Oil Board, State Oil and Gas Inspector, Department of Mines, Minerals and Energy, Division of Gas and Oil, P. O. Box 1416, Abingdon, Virginia 24210, 540/676-5423 or the Applicant at the address shown below.

DATED: MARCH 19, 1998

Buchanan Production Company,
APPLICANT

By: Leslie K. Arrington
Leslie K. Arrington, Permit Specialist
CONSOL Inc.
P.O. Box 947
Bluefield, Virginia 24605
540/988-1016



LEGEND

↖ TRACT LAND HOOK

[2] TRACT LAND ID'S

EXHIBIT A
OAKWOOD FIELD UNIT S-27
FORCE POOLING
VGOB-98-0421-0656

Company CONSOL Inc. Well Name and Number UNIT 527
 Tract No. _____ Elevation _____ Quadrangle Keen Mountain
 County Buchanan District Garden Scale: 1" = 400' Date 3/12/98
 This plat is a new plat X ; an updated plat _____ ; or a final plat _____

Form DGO-GO-7
Rev. 9/91

Claude D. Morgan
Licensed Professional Engineer or Licensed Land Surveyor

No. 10958
(Affix Seal)

BUCHANAN PRODUCTION COMPANY

UNIT S-27

Tract Identifications

1. Yukon Pocahontas Coal Co., et al - Tr. 20 - Coal, Oil & Gas
Coal Lessees
Island Creek Coal Co. - Coal Below Tiller
Jewell Smokeless Coal Corp.
Permac Inc.
Buchanan Production Co. - CBM Lessee
40.20 Acres 50.2500%
- 1a. Yukon Pocahontas Coal Co. - Surface
- 1b. Linkous Cox - Surface
- 1c. Island Creek Coal Co. - Surface
2. Yukon Pocahontas Coal Co., et al - Tr. 99 - Coal, Oil & Gas
Coal Lessees
Island Creek Coal Co. - Coal Below Tiller
Jewell Smokeless Coal Corp.
Permac Inc.
Buchanan Production Co. - CBM Lessee
12.08 Acres 15.1000%
- 2a. Yukon Pocahontas Coal Co., et al - Surface
- 2b. S. J. Mullins - Surface
- 2c. Linkous Cox - Surface
- 2d. Raines Inc. - Surface
- 2e. George Hagy, et al. - Surface
- 2f. Richard Hibbits - Surface
3. Yukon Pocahontas Coal Co., et al - Tr. 24 - Coal , Oil & Gas
Coal Lessees
Island Creek Coal Co. - Coal Below Tiller
Jewell Smokeless Coal Corp.
Permac Inc.
Buchanan Production Co. - CBM Lessee
3.30 Acres 4.1250%
- 3a. Yukon Pocahontas Coal Co., et al - Surface
- 3b. S. J. Mullins - Surface
4. Hugh MacRae Land Trust - Tr. 23 - Coal
Coal Lessees
Island Creek Coal Co. - Pocahontas #3 Seam
United Coal Company
Buchanan Production Co. - CBM Lessee
Garden Realty Corporation - Oil & Gas
Buchanan Production Co. - Oil & Gas Lessee
13.52 Acres 16.9000%

BUCHANAN PRODUCTION COMPANY

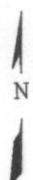
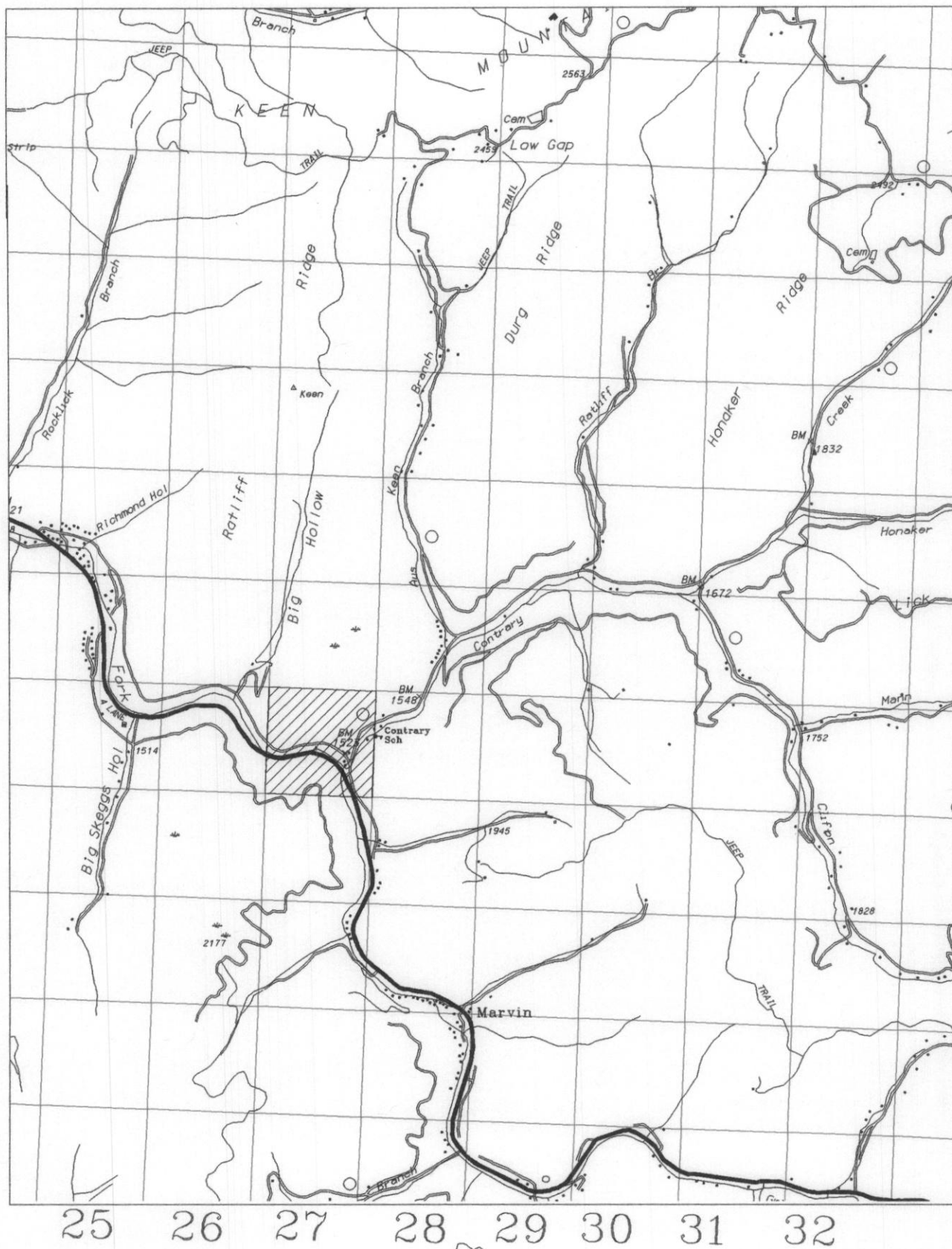
UNIT S-27

Tract Identifications

5. Hugh MacRae Land Trust - Tr. 25 - Coal
 Coal Lessees
 Island Creek Coal Co. - Pocahontas #3 Seam
 United Coal Company
 Buchanan Production Co. - CBM Lessee
 Walter Wade Heirs 1/5 Oil & Gas
 Yukon Pocahontas Coal Co. Et al - Surface, 4/5 Oil & Gas
 10.00 Acres 12.5000%

6. Hurt & McGuire - Coal, Oil & Gas
 Coal Lessee
 Island Creek Coal Co. - Coal Below Tiller
 Jewell Smokeless Coal Corp.
 Permac Inc.
 Freda Vandyke - Surface
 0.90 Acres 1.1250%

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BUCHANAN CO.

VA

EXHIBIT A1
VG0B-98-0421-0656

VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANT: BUCHANAN PRODUCTION COMPANY)
RELIEF SOUGHT: APPLICATION TO POOL INTERESTS) VIRGINIA GAS
IN CERTAIN 80.0 ACRE DRILLING) AND OIL BOARD
UNITS LOCATED IN THE OAKWOOD) DOCKET NOS.
COALBED METHANE GAS FIELDS I) VGOB:
AND II AND KNOWN AS UNITS Q-28,) 98-0421-0652
Q-27 R-27, R-28, S-27, S-28 AND Q-32) 98-0421-0653
(herein collectively "Subject Drilling Units")) 98-0421-0654
PURSUANT TO VA. §§ 45.1-361.21 AND) 98-0421-0655
45.1-361.22 FOR THE PRODUCTION OF) 98-0421-0656
OCCLUDED NATURAL GAS FROM) 98-0421-0657
COALBEDS AND ROCK STRATA) 98-0421-0658
ASSOCIATED THEREWITH (herein)
referred to as "Coalbed Methane Gas")
LEGAL DESCRIPTION:)
SUBJECT DRILLING UNITS)
KEEN MOUNTAIN QUADRANGLE,)
GARDEN DISTRICT,)
BUCHANAN COUNTY, VIRGINIA)
(herein the "Subject Lands"))

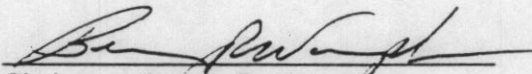
REPORT OF THE BOARD

ORDER OF DISMISSAL

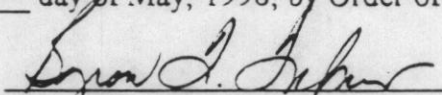
1. Hearing Date and Place: These matters came on for hearing before the Virginia Gas and Oil Board (hereafter "Board") at 9:00 a.m. on April 21, 1998, at which time they were continued at the request of the Applicant and came on again for hearing at 9:00 a.m. on May 19, 1998, Dickenson Conference Center, Southwest Virginia Education 4-H Center, Abingdon, Virginia.
2. Appearances: Sandra B. Riggs, Assistant Attorney General, was present to advise the Board.
3. Jurisdiction: Pursuant to Va. Code § 45.1-361.1 *et seq.*, the Board finds that it has jurisdiction over the subject matter.

4. Relief Requested: Buchanan Production Company's applications in these matters sought to have the Board: (1) pool the rights, interests and claims of the Gas Owners or Claimants in Subject Drilling Units for the drilling and operation, including production thereof, from the pool defined as all coal seams below the Tiller seam, including the Upper Seaboard, Greasy Creek, Middle Seaboard, Lower Seaboard, Upper Horsepen, Middle Horsepen, War Creek, Lower Horsepen, Pocahontas No. 9, Pocahontas No. 8, Pocahontas No. 7, Pocahontas No. 6, Pocahontas No. 5, Pocahontas No. 4, Pocahontas No. 3, Pocahontas No. 2, and various unnamed coal seams, coalbed and rock strata associated therewith (hereinafter "Subject Formation") underlying and comprised of Subject Lands; and (2) name CONSOL Inc. as the Operator of Subject Drilling Units. Prior to the hearing of these matters, Applicant advised the Board that it had reached voluntary agreements with all parties in interest and asked that the Applicant be permitted to withdraw its Application for the compulsory pooling of each of the Subject Drilling Units.
5. Relief Granted: Based upon Applicant's representation that it has reached voluntary agreements with all parties in interest, and there being no objections, the Board finds that the Applications filed in the above-styled causes for the compulsory pooling of each of the Subject Drilling Units are moot, and therefore, grants without prejudice Applicant's Motion to withdraw same.

DONE AND EXECUTED this 29th day of May, 1998, by the Chairman in behalf of the Virginia Gas and Oil Board.

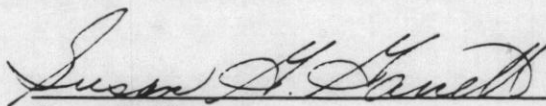

Chairman, Benny R. Wampler

DONE AND PERFORMED this 29th day of May, 1998, by Order of the Board.


Byron Thomas Fulmer
Principal Executive to the Staff
Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA)
COUNTY OF WISE)

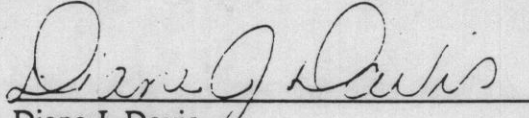
Acknowledged on this 29th day of May, 1998, personally before me a notary public in and for the Commonwealth of Virginia, appeared Benny R. Wampler, being duly sworn did depose and say that he is Chairman of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.


Susan G. Garrett
Notary Public

My commission expires: July 31, 1998

COMMONWEALTH OF VIRGINIA)
COUNTY OF WASHINGTON)

Acknowledged on this 29th day of ~~June~~ ^{May}, 1998, personally before me a notary public in and for the Commonwealth of Virginia, appeared Byron Thomas Fulmer, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.



Diane J. Davis
Notary Public

My commission expires: September 30, 2001